GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3141
ANSWERED ON:22.03.2002
FUNDS TO STATES FOR PSU REFORMS
ANANDRAO ADSUL

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government have earmarked any funds for States to undertake cleaning up/closure/winding up of the sick Public Sector undertakings in their respective States;

(b) if so, the details thereof; and

(c) the number of States so far achieved the desired results targetted for and how much of amount they utilised from this fund for their PSU reforms?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (c): Management/Restructuring of State Level Public Sector Undertaking is primarily the responsibility of the State Governments. No specific funds have been earmarked for States to undertake cleaning up/closure/winding up of the sick public sector undertakings in their respective States. However, pursuant to the recommendations of Eleventh Finance Commission, a scheme for the States` Fiscal Reform Facility(2000-01 to 2004-05) has been created for incentivising the States to undertake Medium Term Fiscal Reforms Programmes (MTFRP). Public Sector restructuring is one of the reform components of MTFRP. The funds from the Incentive Fund are released to States based on single monitorable fiscal indicator. Additional market borrowing etc may be allowed if the State concerned has a structural adjustment burden necessitating, inter-alia, voluntary retirement/severance payment for down sizing Public Sector Enterprises.

During the year 2001-02, Government of Nagaland was allowed additional market borrowing of Rs.26 cores to finance the closure of `Nagaland Sugar Mills Company` and fund the VRS package to its employees.